



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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### **18 VAC 10-20: Board for Architects, Professional Engineers, Land Surveyors, Certified Interior Designers and Landscape Architects, Rules and Regulations Department of Professional and Occupational Regulation July 9, 2003**

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The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

### **Summary of the Proposed Regulation**

The Board for Architects, Professional Engineers, Land Surveyors, Certified Interior Designers, and Landscape Architects (board) proposes to raise its licensure fees.

### **Estimated Economic Impact**

Currently, the board's expenditures far exceed its revenues; during the 2000-2002 biennium expenditures exceeded revenues by \$671,652. The Department of Professional and Occupational Licensing (department) projects that during the 2002-2004 biennium expenditures will exceed revenues by \$1,174,006, and that the board's cash balance will turn negative by 2005, if current fees per license remain the same. In order to avoid negative cash balances, the board proposes to raise fees. The following table (Table 1) displays current and proposed application fees:

**Table 1: Application Fees**

<u>Profession/Entity</u>	<u>Current Fee</u>	<u>Proposed Fee</u>
Architect	\$45	\$75
Professional Engineer	\$40	\$60
Land Surveyor	\$50	\$90
Certified Interior Designer	\$45	\$45
Landscape Architect	\$75	\$125
Professional Corporation	\$10	\$30
Business Entities	\$40	\$100

Table 2 displays current and proposed renewal fees:

**Table 2: Renewal Fees**

<u>Profession/Entity</u>	<u>Current Fee</u>	<u>Proposed Fee</u>
Architect	\$35	\$55
Professional Engineer	\$30	\$80
Land Surveyor	\$80	\$90
Certified Interior Designer	\$45	\$45
Landscape Architect	\$75	\$110
Professional Corporation	\$15	\$25
Business Entities	\$20	\$50

Part of the increase in the board's expenditures is due to the department's development of a new computer licensing system. Among other attributes, the new system will permit citizens to apply for licenses and license renewals on-line. The use of on-line applications should speed

licensure application; mailing time will be eliminated. Also, the cost of mailing materials and postage will be saved.

Application fees pay for the initial period of licensure, as well as the application process. The cost of processing an application added to the cost of regulating a licensee during their initial licensure period generally exceeds the cost of regulating a licensee during the renewal period. Under the proposed regulations, the application fee for a professional engineer license is less than the renewal fee (see tables above), and the application fees for land surveyors and certified interior designers are equal to the renewal fees. Thus, it seems likely that renewing licensees in these professions subsidize the cost of regulating applicants for initial licensure.

## **Businesses and Entities Affected**

The proposed regulations affect the 32,600<sup>1</sup> architects, engineers, land surveyors, landscape architects, interior designers and associated professional corporations and business entities licensed in Virginia. The clients of these licensed professionals and businesses are affected as well. Individuals considering entering these professions and businesses are also affected.

## **Localities Particularly Affected**

All localities in the Commonwealth are affected.

## **Projected Impact on Employment**

Higher fees may discourage some individuals, particularly individuals considering part-time work, from seeking licensure and offering their professional services. This impact is unlikely to be large.

## **Effects on the Use and Value of Private Property**

The higher fees will reduce the value of the licensed individuals' practices and the businesses by the amount of the fee increase.

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<sup>1</sup> Estimated figure provided by the Department of Professional and Occupational Licensing